

174437

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2005-125-G

FILED
2005 APR 11 11 13 AM
COLUMBIA, SC

In the Matter Of)
)
Notice of Election of Piedmont Natural Gas)
Company, Inc. for Application of the Natural)
Gas Rate Stabilization Act to its Rates and)
Charges)

**NOTICE OF FILING OF QUARTERLY
MONITORING REPORT AND
PROPOSED RATE CHANGES**

Piedmont Natural Gas Company, Inc. ("Piedmont"), through counsel and pursuant to Sections 58-5-430 and 58-5-440 of the South Carolina Natural Gas Rate Stabilization Act ("Act"), hereby submits (1) its quarterly monitoring report for the twelve-month period ending March 31, 2005, and (2) the required revenue deficiency calculations and proposed changes to its tariff rates necessary to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case as specified in Section 58-5-420(1). Piedmont requests that the Public Service Commission of South Carolina ("Commission") review and accept the attached documents consistent with Sections 58-5-430 and 58-5-440 and issue an initial order approving the proposed rate changes set forth in this filing on or before October 15, 2005 in conformance with the procedures set forth in Section 58-5-455 of the Act.

In support of this filing, Piedmont respectfully shows unto the Commission as follows:

1. Any notices or other communications with respect to this matter should be sent to:

Kim R. Cocklin
Senior Vice President and General Counsel
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, NC 28233
Telephone: (704) 364-3120

And

James H. Jeffries IV¹
Moore & Van Allen PLLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, North Carolina 28202-4003
Telephone: (704) 331-1079

And

Kerry McTigue
Nelson Mullins Riley & Scarborough, LLP
1320 Main Street, Suite 1700
Columbia, South Carolina, 29201
Telephone: (803) 255-9218

2. On April 25, 2005, Piedmont provided notice to the Commission of its election of the application of the terms of the Act to Piedmont's rates and charges for gas distribution services provided within the state of South Carolina. In conjunction with its election and as required by Sections 58-5-410 and 58-5-420, Piedmont requested that the Commission make findings and establish ongoing procedures as required to make prospective adjustments to Piedmont's base rates utilizing the rates, charges, revenues, expenses, capital structure, returns, and other matters established in Piedmont's most recent general rate proceeding in Docket No. 2002-63-G. Proceedings on that request are ongoing.

3. Consistent with its prior election for application of the Act to its rates and charges, and pursuant to the requirements of Section 58-5-430 of the Act, Piedmont has attached hereto various schedules constituting its initial quarterly monitoring report to the Commission for the twelve-month period ended March 31, 2005. In conformance with the requirements of Section 58-5-440 of the Act, Piedmont has also included in the schedules attached hereto the calculated revenue deficiency resulting from Piedmont's current rates. This deficiency results in a return on common equity under existing rates that is more than 150 basis points below that approved in Piedmont's last general rate case. The attached schedules also

¹ Mr. Jeffries has been admitted to practice before this Commission in this matter *pro hac vice* in conformance with the rules of the South Carolina Supreme Court.

reflect proposed rate revisions, calculated in conformance with the rate allocation principles approved in Piedmont's last general rate case, needed to return Piedmont's rate of return on common equity to the midpoint of the range specified by Section 58-5-420(1).

4. The Schedules attached hereto and incorporated herein by reference consist of the following:

- (1) Present Rate Schedules are incorporated herein by reference as filed in GCRM 113 effective April 1, 2005.
- (2) Proposed Rate Schedules;
- (3) Gas Plant at Original Cost;
- (4) Depreciation;
- (5) Materials and Supplies;
- (6) Cash Working Capital;
- (7) Net Operating Income and Return;
- (8) Pro Forma Revenues;
- (9) Proposed Revenues;
- (10) WNA Factors.

5. The *pro forma* revenue calculations shown on Schedule 7 indicate that \$4,672,048 in additional revenues is required to permit Piedmont the opportunity to earn a rate of return on equity equal to the approved rate of return on equity adopted in Docket No. 2002-63-G, Piedmont's last general rate case, and to recover one-hundred percent (100%) of its prudently incurred demand gas costs.

6. Based upon the calculations provided in Schedules 3-10, Piedmont proposes the changes to its tariff rates reflected in Schedule 2 hereto.

7. The rate/revenue increases proposed herein reflect an aggregate 1.67% overall increase in rates from the base rates approved in Commission Order No. 2002-761 (dated November 1, 2002), and reflect an average annual increase of 0.56%.

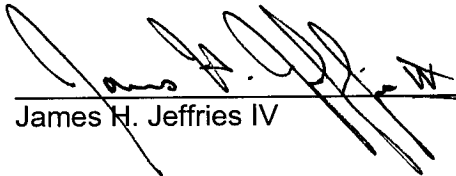
8. Piedmont is also filing herewith an updated depreciation study recently completed for the Company by American Appraisal Associates, Inc. The revised depreciation rates reflected in this study are incorporated in the schedules attached hereto.

9. Consistent with the requirements of Sections 58-5-430 and 58-5-455, Piedmont is concurrently serving copies of this filing on the Office of Regulatory Staff, all parties of record to this proceeding and any other interested party that has requested in writing to receive such filings.

WHEREFORE, Piedmont Natural Gas Company, Inc. respectfully requests that the Commission accept and review Piedmont's quarterly monitoring report for the twelve-month period ended March 31, 2005 and issue an Initial Order approving Piedmont's proposed rate adjustments on or before October 15, 2005.

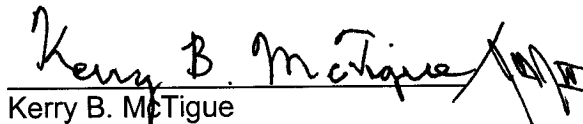
Respectfully submitted, this the 15th day of June, 2005

PIEDMONT NATURAL GAS COMPANY, INC.


James H. Jeffries IV

OF COUNSEL:

Moore & Van Allen PLLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, North Carolina 28202-4003
(704) 331-1079


Kerry B. McTigue

OF COUNSEL:

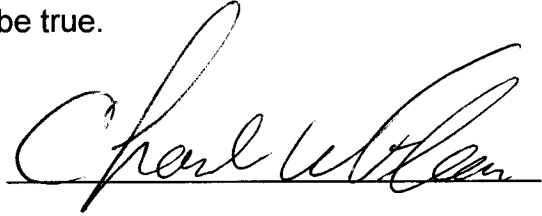
Nelson Mullins Riley & Scarborough, LLP
1320 Main Street, Suite 1700
Columbia, South Carolina 29201
(803) 255-9218

Verification

State of North Carolina


County of Mecklenburg

Charles W. Fleenor, being duly sworn, deposes and says that he is Vice President – Corporate Planning and Rates of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing Petition and knows the contents thereof; that the same are true of his own knowledge except as to those matters stated on information and belief and as to those he believes them to be true.

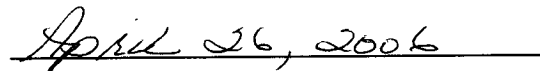
A handwritten signature in cursive script, appearing to read "Charles W. Fleenor", written over a horizontal line.

Sworn to and subscribed before me,

This the 14th day of June, 2005

A handwritten signature in cursive script, appearing to read "Wanda R. O'Neil", written over a horizontal line.
Notary Public

My Commission Expires:

A handwritten date "April 26, 2006" written over a horizontal line.

Piedmont Natural Gas
Index to Schedules
Period Ended March 31, 2005

- SCHEDULE 1 - Present rate schedules are incorporated herein by reference as filed in GCRM 113 effective April 1, 2005
- SCHEDULE 2 - Present and proposed rate schedules.
- SCHEDULE 3 - Gas plant at original cost.
- SCHEDULE 4 - Depreciation schedule.
- SCHEDULE 5- Materials and supplies.
- SCHEDULE 6 - Cash working capital
- SCHEDULE 7 - Net Operating Income and Return
- SCHEDULE 8 - Proforma revenues.
- SCHEDULE 9 - Proposed revenues.
- SCHEDULE 10 - WNA Factors.

Piedmont Natural Gas Company
 South Carolina
 Present and Proposed Rates
 March 31, 2005

		Present Rates	Proposed Rates
201	Residential - Value		
	Monthly Charge-Winter	10.00	10.00
	Monthly Charge-Summer	8.00	8.00
	Winter (Nov.-Mar.) Per Therm	1.09793	1.12788
	Summer (Apr.-Oct.) Per Therm	1.05575	1.08245
221	Residential - Standard		
	Monthly Charge-Winter	10.00	10.00
	Monthly Charge-Summer	8.00	8.00
	Winter (Nov.-Mar.) Per Therm	1.27442	1.31985
	Summer (Apr.-Oct.) Per Therm	1.27236	1.31847
205	Gas Lights - Unmetered		
	Monthly Charge Per Fixture	15.00	15.00
206	Emergency Service		
	Emergency Service Per Therm	\$1.00 + gas cost	\$1.00 + gas cost
	Unauthorized Over Run Penalty Per Therm	\$2.50 + gas cost	\$2.50 + gas cost
202	Small General Service-Standard		
	Monthly Charge	22.00	22.00
	Winter (Nov.-Mar.) Per Therm	1.19893	1.23117
	Summer (Apr.-Oct.) Per Therm	1.17102	1.20055
232	Small General Service-Value		
	Monthly Charge	22.00	22.00
	Winter (Nov.-Mar.) Per Therm		
	First 2,000	1.14518	1.17461
	Over 2,000	1.11818	1.14487
	Summer (Apr.-Oct.) Per Therm		
	First 2,000	1.05664	1.07954
	Over 2,000	1.02963	1.05044
252	Medium General Service-Standard		
	Monthly Charge	75.00	75.00
	Winter (Nov.-Mar.) Per Therm	1.19636	1.22223
	Summer (Apr.-Oct.) Per Therm	1.15125	1.17527
262	Medium General Service-Value		
	Monthly Charge	75.00	75.00
	Winter (Nov.-Mar.) Per Therm		
	First 5,000	1.11895	1.14533
	Over 5,000	1.08541	1.10969
	Summer (Apr.-Oct.) Per Therm		
	First 5,000	1.02998	1.05072
	Over 5,000	1.00676	1.02607

Piedmont Natural Gas Company
 South Carolina
 Present and Proposed Rates
 March 31, 2005

		Present Rates	Proposed Rates
242	General Service-Motor Fuel		
	Monthly Charge	22.00	22.00
	Winter (Nov.-Mar.) Per Therm	0.90130	0.91344
	Summer (Apr.-Oct.) Per Therm	0.90130	0.91477
203	Large General Service		
	Monthly Charge	250.00	250.00
	Billing Demand Per Therm	1.90000	2.16800
	Winter (Nov.-Mar.) Per Therm		
	First 15,000	0.95081	0.96516
	Next 15,000	0.88510	0.89367
	Next 75,000	0.83797	0.84676
	Next 165,000	0.79083	0.79764
	Next 330,000	0.74369	0.74369
	Over 600,000	0.71512	0.71512
	Summer (Apr.-Oct.) Per Therm		
	First 15,000	0.87653	0.88262
	Next 15,000	0.82940	0.83320
	Next 75,000	0.80083	0.80473
	Next 165,000	0.77226	0.77907
	Next 330,000	0.73869	0.73869
	Over 600,000	0.71512	0.71512
204	Interruptible Service		
	Monthly Charge	250.00	250.00
	Winter (Nov.-Mar.) Per Therm		
	First 15,000	1.00081	1.01825
	Next 15,000	0.93620	0.95589
	Next 75,000	0.88877	0.92062
	Next 165,000	0.84092	0.84961
	Next 330,000	0.79369	0.80530
	Over 600,000	0.75512	0.75512
	Summer (Apr.-Oct.) Per Therm		
	First 15,000	0.88653	0.89298
	Next 15,000	0.83940	0.84643
	Next 75,000	0.81083	0.82522
	Next 165,000	0.78226	0.78604
	Next 330,000	0.75369	0.75369
	Over 600,000	0.72512	0.72512

Piedmont Natural Gas Company
 South Carolina
 Present and Proposed Rates
 March 31, 2005

		Present Rates	Proposed Rates
213	Large General Service		
	Monthly Charge	250.00	250.00
	Standby Demand Per Therm	1.30000	1.56000
	Billing Demand Per Therm	0.60000	0.60800
	Winter (Nov.-Mar.) Per Therm		
	First 15,000	0.25081	0.25322
	Next 15,000	0.18510	0.18689
	Next 75,000	0.13797	0.13911
	Next 165,000	0.09083	0.09764
	Next 330,000	0.04369	0.04369
	Over 600,000	0.01512	0.01512
	Summer (Apr.-Oct.) Per Therm		
	First 15,000	0.17653	0.18045
	Next 15,000	0.12940	0.13246
	Next 75,000	0.10083	0.10306
	Next 165,000	0.07226	0.09134
	Next 330,000	0.03869	0.03869
	Over 600,000	0.01512	0.01512
214	Interruptible Service		
	Monthly Charge	250.00	250.00
	Winter (Nov.-Mar.) Per Therm		
	First 15,000	0.25081	0.25276
	Next 15,000	0.18510	0.18646
	Next 75,000	0.13797	0.13875
	Next 165,000	0.09083	0.09117
	Next 330,000	0.04369	0.04377
	Over 600,000	0.01512	0.01512
	Summer (Apr.-Oct.) Per Therm		
	First 15,000	0.17653	0.17976
	Next 15,000	0.12940	0.13169
	Next 75,000	0.10083	0.10227
	Next 165,000	0.07226	0.07309
	Next 330,000	0.03869	0.03904
	Over 600,000	0.01512	0.01512

Schedule 3

Piedmont Natural Gas Company
Original Cost of Property Used and Useful
in Public Service in South Carolina
March 31, 2005

<u>Line No.</u>	<u>Title of Account</u>	
1	Intangible Plant	\$146,199
2	Production Plant	222,111
3	Local Storage Plant	6,196,258
4	Transmission Plant	18,917,263
5	Distribution Plant	262,240,591
6	General Plant	27,965,978
7	Improvements to Leased Property	<u>90,536</u>
8	Total	<u>\$315,778,936</u>

Piedmont Natural Gas Company
 South Carolina Operations
 Accumulated Depreciation, Depreciation Policy and Rates
March 31, 2005

Accumulated Depreciation

Per books as of March 31, 2005

\$114,577,889

Depreciation Policy

Piedmont computes depreciation expense monthly using the straight-line method applied to end-of-the-month depreciable costs.

The Commission approved depreciation rates currently in effect in Docket No. 2002-63-G based on depreciable property in service as of October 31, 1998. Piedmont performed a depreciation study in 2005 that recommended new depreciation rates for individual plant accounts based on the estimated remaining service lives of depreciable property in service as of October 31, 2003. Piedmont proposes that these new rates be adopted effective with the new rates to customers approved in this docket.

Piedmont allocates depreciation expense on the LNG plant located in North Carolina between South Carolina and North Carolina on the basis of design-day demand during the test period. We allocate depreciation expense on other jointly-used property between South Carolina, North Carolina and Tennessee or between South Carolina and North Carolina only, on the basis of net plant depending upon the actual usage of the property.

Piedmont computes depreciation expense on transportation equipment over estimated useful lives after deducting from the original cost an estimated salvage value of 25% for passenger cars and 20% for trucks and heavy equipment.

Depreciation Rates

Based on plant in service as of March 31, 2005, the current composite depreciation rates are:

Intangible Plant	20.00%
Production Plant	2.62%
Local Storage Plant	1.91%
Transmission Plant	2.16%
Distribution Plant	2.93%
General Plant	8.09%

Schedule 5

Piedmont Natural Gas Company
South Carolina Operations
Average Materials and Supplies
March 31, 2005

Line
No.

1	Operating and Construction Supplies (a)	\$425,933
2	Natural Gas Stored (b)	<u>14,251,409</u>
3	Total	<u>\$14,677,342</u>

(a) Includes Materials Distribution Center inventory allocated to South Carolina on the ratio of South Carolina net plant before joint property to total South Carolina and North Carolina net plant before joint property as of March 31, 2005 (15.94% to SC).

(b) Allocated to South Carolina on the basis of design day in South Carolina and North Carolina for the twelve months ended March 31, 2005 (16.16% to SC).

Piedmont Natural Gas Company
 South Carolina Operations
 Cash Working Capital
March 31, 2005

Line
No.

1	One-Eighth (12.5%) of Operations and Maintenance Expenses	\$3,576,949
2	Cash Working Funds (a)	14,102
3	Prepayments (b)	294,121
4	Average Tax Accruals (deduct)	<u>(2,692,408)</u>
5	Total	<u>\$1,192,764</u>

(a) A portion allocated to South Carolina on the ratio of South Carolina net plant before joint property to total net plant before joint property as of March 31, 2005 (13.04% to SC) and a portion on the ratio of South Carolina net plant before joint property to total South Carolina and North Carolina net plant before joint property (15.94% to SC).

(b) Allocated to South Carolina on the ratio of South Carolina net plant before joint property to total net plant before joint property as of March 31, 2005 (13.04% to SC).

Piedmont Natural Gas Company
South Carolina Operations
Net Operating Income and Rate of Return
For the Twelve Months Ended March 31, 2005

	(1) Per Books	(2) Accounting and Pro Forma Adjustments	(3) After Accounting and Pro Forma Adjustments	(4) Adjustments for Proposed Margin Increase	(5) Adjustments for Demand Cost Under-Recovery	(6) After Adjustments for Proposed Rates
<u>Operating Revenues</u>						
1 Sale and Transportation of Gas	170,701,129	\$22,792,625 (1)	\$193,493,754	\$3,235,276 (10)	\$1,436,772 (15)	\$198,165,802
2 Other Operating Revenues	806,437	0	806,437			806,437
3 Total Operating Revenues	171,507,566	22,792,625	194,300,191	3,235,276	1,436,772	198,972,239
<u>Operating Expenses</u>						
4 Cost of Gas	103,854,313	19,685,985 (2)	123,540,298		1,423,621 (16)	124,963,919
5 Operations and Maintenance	28,615,595	889,399 (3)	29,504,994	29,886 (11)	13,151 (17)	29,548,030
6 Depreciation	10,330,977	(47,553) (4)	10,283,424			10,283,424
7 General Taxes	6,975,311	208,441 (5)	7,183,752			7,183,752
8 State Income Taxes	354,546	568,661 (6)	923,207	160,270 (12)		1,083,477
9 Federal Income Taxes	5,458,050	657,926 (7)	6,115,976	1,065,792 (13)		7,181,768
10 Amortization of Investment Tax Credits	(63,416)		(63,416)			(63,416)
11 Total Operating Expenses	155,525,376	21,962,859	177,488,235	1,255,947	1,436,772	180,180,954
12 Net Operating Income	15,982,190	829,766	16,811,956	1,979,328	0	18,791,285
13 Interest on Customers' Deposits	(66,439)		(66,439)			(66,439)
14 Amortization of Debt Redemption Premium	(14,535)		(14,535)			(14,535)
15 Allowance for Funds Used During Construction	214,406		214,406			214,406
16 Customer Growth	119,368	6,223 (8)	125,591	14,845 (14)		140,436
17 Net Operating Income for Return	16,234,990	\$835,990	\$17,070,979	\$1,994,173	\$0	\$19,065,153
<u>Original Cost Rate Base</u>						
18 Plant in Service	315,778,936		\$315,778,936			\$315,778,936
19 Accumulated Depreciation	(114,577,889)		(114,577,889)			(114,577,889)
20 Net Plant in Service	201,201,047		201,201,047			201,201,047
Add:						
21 Construction Work in Progress	9,756,740		9,756,740			9,756,740
22 Materials and Supplies	14,677,342		14,677,342			14,677,342
23 Cash Working Capital	1,192,764	111,175 (9)	1,303,939			1,303,939
Deduct:						
24 Customers' Advances	3,599		3,599			3,599
25 Customers' Deposits	3,402,319		3,402,319			3,402,319
26 Accumulated Deferred Income Taxes	38,726,708		38,726,708			38,726,708
27 Unclaimed Funds	483,496		483,496			483,496
28 Original Cost Rate Base	184,211,771	\$111,175	184,322,945			184,322,945
<u>Rate of Return</u>						
29 On Original Cost Rate Base	8.81%		9.26%			10.34%

Piedmont Natural Gas Company
South Carolina Operations
Return on Common Equity and Original
Cost Net Investment
For the Twelve Months Ended March 31, 2005

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Per Books	Accounting and Pro Forma Adjustments	Adjusted Capitalization	Ratio	Cost Net Investment	Embedded Cost	Overall Cost Rate	Net Operating Income
After Accounting and Pro Forma Adjustments								
1 Long-Term Debt	654,921,960	\$0	\$654,921,960	41.41%	\$76,328,132	7.15%	2.96%	\$5,457,461
2 Common Equity	926,764,173	0	\$926,764,173	58.59%	107,994,814	10.75%	6.30%	11,613,518
3 Total	1,581,686,133	\$0	\$1,581,686,133	100.00%	\$184,322,945		9.26%	\$17,070,979
After Adjustments for Proposed Rates								
					Cost Net Investment	Embedded Cost	Overall Cost Rate	Net Operating Income
4 Long-Term Debt					\$76,328,132	7.15%	2.96%	\$5,457,461
5 Common Equity					107,994,814	12.60%	7.38%	13,607,691
6 Total					\$184,322,945		10.34%	\$19,065,153

Piedmont Natural Gas Company
South Carolina Operations
Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2005

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Line
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1	<u>Operating Revenues - Sale and Transportation of Gas</u> To increase revenues to the going-level basis.	\$22,792,625 =====
2	<u>Cost of Gas</u> To increase cost of gas to the going-level basis.	\$19,685,985 =====
3	<u>Operations and Maintenance Expenses</u>	
A	To increase payroll costs to the going-level basis.	\$415,934
B	To increase expenses for the salary and payroll investment plans.	13,948
D	To increase expenses for pension costs.	372,631
E	To increase expenses for the provision for uncollectible accounts to reflect actual net write-offs over a three-year period.	490,655
F	To decrease expenses for allocations to non-utility activities.	(45,437)
G	To decrease expenses for the long-term incentive plan.	(104,453)
H	To decrease expenses for the short-term incentive plan.	(39,343)
I	To decrease expenses for the MVP incentive plan.	(134,964)
J	To increase expenses for group insurance for projected costs increases.	122,204
K	To decrease expenses for directors' retirement benefits.	(343,956)
L	To increase expenses for the supplemental employee benefit plan.	83,152
M	To increase expenses for the South Carolina license fee.	189,439
N	To decrease expenses for non-allowables for ratemaking purposes.	(130,412)
	Total	----- \$889,399 =====
4	<u>Depreciation Expense</u> To decrease depreciation expense to the going-level basis using recently completed depreciation study rates.	(\$47,553) =====
5	<u>General Taxes</u>	
A	To increase property taxes to the going-level basis.	\$ 144,487
B	To increase payroll taxes to the going-level basis.	83,250
C	To decrease franchise taxes to the going-level basis.	(81,937)
D	To increase other taxes to the going-level basis.	62,641
	Total	----- \$ 208,441 =====

Piedmont Natural Gas Company
South Carolina Operations
Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2005

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Line
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6	<u>State Income Taxes</u> To increase state income taxes (rate of 5%) following a computation after accounting and pro forma adjustments.	\$568,661 =====
7	<u>Federal Income Taxes</u> To increase federal income taxes (rate of 35%) following a computation after accounting and pro forma adjustments.	\$657,926 =====
8	<u>Customer Growth</u> To increase net operating income to reflect anticipated customer growth (rate of .75%) following the adjustments to operating revenues and expenses.	\$6,223 =====
9	<u>Cash Working Capital</u> To increase cash working capital following the pro forma adjustments to operations and maintenance expenses (rate of 12.5%).	\$111,175 =====
10	<u>Operating Revenues - Sale and Transportation of Gas</u> To increase revenues for the sale and transportation of gas for proposed margin increase before demand cost under-recovery.	\$3,235,276 =====
11	<u>Operations and Maintenance Expenses</u>	
A	To increase the provision for uncollectible accounts (rate of .62563%) following the adjustments to operating revenues.	\$20,241
B	To increase the utility license fee (rate of .30%) following the adjustments to operating revenues.	9,645
	Total	----- \$29,886 =====
12	<u>State Income Taxes</u> To increase state income taxes (rate of 5%) following the adjustments to operating revenues and expenses.	\$160,270 =====

Piedmont Natural Gas Company
South Carolina Operations
Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2005

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Line
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13	<u>Federal Income Taxes</u> To increase federal income taxes (rate of 35%) following the adjustments to operating revenues, expenses and state income taxes.	\$1,065,792 =====
14	<u>Customer Growth</u> To increase net operating income to reflect anticipated customer growth (rate of .75%) following the adjustments to operating revenues and expenses.	 \$14,845 =====
15	<u>Operating Revenues - Sale and Transportation of Gas</u> To increase revenue requirement for the sale and transportation of gas associated with the demand cost under-recovery.	\$1,436,772 =====
16	<u>Cost of Gas</u> To increase cost of gas for the demand cost under-recovery using a demand cost allocation factor of 16.16%.	\$1,423,621 =====
17	<u>Operations and Maintenance Expenses</u>	
A	To increase the provision for uncollectible accounts (rate of .62563%) following the adjustment to operating revenues.	\$8,907
B	To increase the utility license fee (rate of .30%) following the adjustment to operating revenues.	\$4,244
	Total	----- \$13,151 =====

**PIEDMONT NATURAL GAS COMPANY, INC.
PRO FORMA REVENUE CALCULATIONS**

SCHEDULE 8

Page 1 of 3

(dekatherms)	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Clean Rates (7)	Proforma Revenue (8)
Rate Schedule						
Residential Service - Value 201						
Bills - Winter	256,884			256,884	\$10.00	\$2,568,840
Bills - Summer	348,357			348,357	\$8.00	\$2,786,856
DTs - Winter	2,766,744	285,281	3,052,025		\$10.9793	\$33,509,094
DTs - Summer	1,003,657	71,758	1,075,416		\$10.5575	\$11,353,700
Residential Service - Standard 221						
Bills - Winter	300,456			300,456	\$10.00	\$3,004,560
Bills - Summer	406,659			406,659	\$8.00	\$3,253,272
DTs - Winter	2,450,029	274,357	2,724,385		\$12.7442	\$34,720,107
DTs - Summer	552,495	79,019	631,514		\$12.7236	\$8,035,132
<u>TOTAL RESIDENTIAL</u>						
Bills	1,312,356			1,312,356		
DT's	6,772,925	710,415	7,483,339			
						\$99,231,561
Small General Service - Standard 202						
Bills	118,429			118,429	\$22.00	\$2,605,438
DTs - Winter	1,699,160	185,260	1,884,420		\$11.9893	\$22,592,880
DTs - Summer	305,567	63,935	369,502		\$11.7102	\$4,326,937
Small General Service - Value 232						
Bills	46,848			46,848	\$22.00	\$1,030,656
First 200	959,683	38,793	998,477		\$11.4518	\$11,434,354
<u>Over 200</u>	<u>265,166</u>	<u>10,719</u>	<u>275,885</u>		\$11.1818	\$3,084,890
DTs - Winter	1,224,850	49,512	1,274,361			
First 200	1,013,695	23,435	1,037,130		\$10.5664	\$10,958,728
<u>Over 200</u>	<u>154,487</u>	<u>3,572</u>	<u>158,058</u>		\$10.2963	\$1,627,416
DTs - Summer	1,168,181	27,007	1,195,188			
Medium General Service - Standard 252						
Bills	242			242	\$75.00	\$18,150
DTs - Winter	152,384	8,022	160,405		\$11.9636	\$1,919,025
DTs - Summer	28,952	13,070	42,022		\$11.5125	\$483,776
Medium General Service - Value 262						
Bills	955			955	\$75.00	\$71,625
First 500	183,043	2,732	185,775		\$11.1895	\$2,078,726
<u>Over 500</u>	<u>240,779</u>	<u>3,593</u>	<u>244,372</u>		\$10.8541	\$2,652,442
DTs - Winter	423,822	6,325	430,147			
First 500	237,765	9,616	247,381		\$10.2998	\$2,547,971
<u>Over 500</u>	<u>165,928</u>	<u>6,711</u>	<u>172,638</u>		\$10.0676	\$1,738,055
DTs - Summer	403,692	16,327	420,019			

**PIEDMONT NATURAL GAS COMPANY, INC.
PRO FORMA REVENUE CALCULATIONS**

(dekatherms)	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Clean Rates (7)	Proforma Revenue (8)
Rate Schedule						
Small General Service - Motor Fuel 242						
Bills	24			24	\$22.00	\$528
DTs - Winter	2,903		2,903		\$9.0130	\$26,168
DTs - Summer	4,595		4,595		\$9.0130	\$41,418
<u>TOTAL COMMERCIAL</u>						
Bills	166,498			166,498		
DT's	5,414,106	369,457	5,783,563			\$69,239,183
Large General Service - Sales 203						
Bills	131			131	\$250.00	\$32,750
Demand DT'S	24,710			24,710	\$19.00000	\$469,498
First 1,500	73,499	0	73,499		\$9.5081	\$698,836
Next 1,500	59,827	0	59,827		\$8.8510	\$529,529
Next 7,500	43,344	0	43,344		\$8.3797	\$363,210
Next 16,500	0	1	0		\$7.9083	\$0
Next 33,000	0	0	0		\$7.4369	\$0
<u>Over 60,000</u>	0	0	0		\$7.1512	\$0
DTs - Winter	176,670		176,670			
First 1,500	98,678	0	98,678		\$8.7653	\$864,942
Next 1,500	57,869	0	57,869		\$8.2940	\$479,965
Next 7,500	30,066	0	30,066		\$8.0083	\$240,778
Next 16,500	0	0	0		\$7.7226	\$0
Next 33,000	0	0	0		\$7.3869	\$0
<u>Over 60,000</u>	0	0	0		\$7.1512	\$0
DTs - Summer	186,613		186,613			
Large General Service - Transportation 213						
Bills	477			477	\$250.00	\$119,250
Demand DT'S	101,220			101,220	\$6.00000	\$607,320
Standby DT's				-	\$13.00000	\$0
First 1,500	273,272	0	273,272		\$2.5081	\$685,394
Next 1,500	204,696	0	204,696		\$1.8510	\$378,892
Next 7,500	282,047	0	282,047		\$1.3797	\$389,140
Next 16,500	12,914	0	12,914		\$0.9083	\$11,730
Next 33,000	0	0	0		\$0.4369	\$0
<u>Over 60,000</u>	0	0	0		\$0.1512	\$0
DTs - Winter	772,929		772,929			
First 1,500	385,382	0	385,382		\$1.7653	\$680,315
Next 1,500	258,418	0	258,418		\$1.2940	\$334,393
Next 7,500	309,076	0	309,076		\$1.0083	\$311,641
Next 16,500	8,446	0	8,446		\$0.7226	\$6,103
Next 33,000	0	0	0		\$0.3869	\$0
<u>Over 60,000</u>	0	0	0		\$0.1512	\$0
DTs - Summer	961,322		961,322			

**PIEDMONT NATURAL GAS COMPANY, INC.
PRO FORMA REVENUE CALCULATIONS**

SCHEDULE 8

Page 3 of 3

(dekatherms)	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Clean Rates (7)	Proforma Revenue (8)
Rate Schedule						
Interruptible Service - Sales 204						
Bills	356			356	\$250.00	\$89,000
First 1,500	178,883	0	178,883		\$10.0081	\$1,790,279
Next 1,500	107,884	0	107,884		\$9.3620	\$1,010,010
Next 7,500	94,755	0	94,755		\$8.8877	\$842,154
Next 16,500	84,243	0	84,243		\$8.4092	\$708,416
Next 33,000	7,569	1	7,569		\$7.9369	\$60,074
<u>Over 60,000</u>	0	0	0		\$7.5512	\$0
DTs - Winter	473,334	1	473,334			
First 1,500	238,586	0	238,586		\$8.8653	\$2,115,136
Next 1,500	129,199	0	129,199		\$8.3940	\$1,084,496
Next 7,500	84,512	0	84,512		\$8.1083	\$685,249
Next 16,500	65,955	0	65,955		\$7.8226	\$515,940
Next 33,000	0	0	0		\$7.5369	\$0
<u>Over 60,000</u>	0	0	0		\$7.2512	\$0
DTs - Summer	518,252		518,252			
Interruptible Service - Transportation 214						
Bills	704			704	\$250.00	\$176,000
First 1,500	389,806	0	389,806		\$2.5081	\$977,672
Next 1,500	334,832	0	334,832		\$1.8510	\$619,774
Next 7,500	698,076	0	698,076		\$1.3797	\$963,135
Next 16,500	299,164	0	299,164		\$0.9083	\$271,731
Next 33,000	86,873	0	86,873		\$0.4369	\$37,955
<u>Over 60,000</u>	0	0	0		\$0.1512	\$0
DTs - Winter	1,808,751		1,808,751			
First 1,500	561,758	0	561,758		\$1.7653	\$991,671
Next 1,500	453,655	0	453,655		\$1.2940	\$587,030
Next 7,500	905,239	0	905,239		\$1.0083	\$912,752
Next 16,500	282,949	0	282,949		\$0.7226	\$204,459
Next 33,000	42,285	0	42,285		\$0.3869	\$16,360
<u>Over 60,000</u>	0	0	0		\$0.1512	\$0
DTs - Summer	2,245,886	0	2,245,886			
<u>TOTAL INDUSTRIAL</u>						
Bills	1,668			1,668		
Demand	125,930			125,930		
DT's	7,143,757	1	7,143,757			
						\$21,862,979
Outdoor Gaslight Service - Rate 205						
Fixtures	48		48		\$15.00	\$720
DTs - Winter	16		16			
DTs - Summer	22		22			
Annual Revenues From Special Contracts					\$	3,159,311
TOTAL BILLS	1,480,522			1,480,522		
TOTAL WINTER	11,951,591	808,757	12,760,347			
TOTAL SUMMER	7,379,235	271,116	7,650,351			
ANNUAL TOTAL	19,330,826	1,079,873	20,410,698		REVENUE	<u>\$193,493,754</u>

**PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS**

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Clean Rates (7)	Proposed Revenue (8)
Residential Service - Value 201						
Bills - Winter	256,884			256,884	\$10.00	\$2,568,840
Bills - Summer	348,357			348,357	\$8.00	\$2,786,856
DTs - Winter	2,766,744	285,281	3,052,025		\$11.2788	\$34,423,175
DTs - Summer	1,003,657	71,758	1,075,416		\$10.8245	\$11,640,836
Residential Service - Standard 221						
Bills - Winter	300,456			300,456	\$10.00	\$3,004,560
Bills - Summer	406,659			406,659	\$8.00	\$3,253,272
DTs - Winter	2,450,029	274,357	2,724,385		\$13.1985	\$35,957,795
DTs - Summer	552,495	79,019	631,514		\$13.1847	\$8,326,323
<u>TOTAL RESIDENTIAL</u>						
Bills	1,312,356			1,312,356		
DT's	6,772,925	710,415	7,483,339			
						\$101,961,657
Small General Service - Standard 202						
Bills	118,429			118,429	\$22.00	\$2,605,438
DTs - Winter	1,699,160	185,260	1,884,420		\$12.3117	\$23,200,417
DTs - Summer	305,567	63,935	369,502		\$12.0055	\$4,436,050
Small General Service - Value 232						
Bills	46,848			46,848	\$22.00	\$1,030,656
First 200	959,683	38,793	998,477		\$11.7461	\$11,728,205
<u>Over 200</u>	<u>265,166</u>	<u>10,719</u>	<u>275,885</u>		\$11.4487	\$3,158,523
DTs - Winter	1,224,850	49,512	1,274,361			
First 200	1,013,695	23,435	1,037,130		\$10.7954	\$11,196,231
<u>Over 200</u>	<u>154,487</u>	<u>3,572</u>	<u>158,058</u>		\$10.5044	\$1,660,308
DTs - Summer	1,168,181	27,007	1,195,188			
Medium General Service - Standard 252						
Bills	242			242	\$75.00	\$18,150
DTs - Winter	152,384	8,022	160,405		\$12.2223	\$1,960,521
DTs - Summer	28,952	13,070	42,022		\$11.7527	\$493,870
Medium General Service - Value 262						
Bills	955			955	\$75.00	\$71,625
First 500	183,043	2,732	185,775		\$11.4533	\$2,127,734
<u>Over 500</u>	<u>240,779</u>	<u>3,593</u>	<u>244,372</u>		\$11.0969	\$2,711,776
DTs - Winter	423,822	6,325	430,147			
First 500	237,765	9,616	247,381		\$10.5072	\$2,599,278
<u>Over 500</u>	<u>165,928</u>	<u>6,711</u>	<u>172,638</u>		\$10.2607	\$1,771,391
DTs - Summer	403,692	16,327	420,019			

**PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS**

SCHEDULE 9

Page 2 of 3

(dekatherms)	Test Period Actual	Normalized Adjustment	Proforma Dekatherms	Proforma Bills	Clean Rates	Proposed Revenue
Rate Schedule	(1)	(2)	(5)	(6)	(7)	(8)
Small General Service - Motor Fuel 242						
Bills	24			24	\$22.00	\$528
DTs - Winter	2,903		2,903		\$9.1344	\$26,521
DTs - Summer	4,595		4,595		\$9.1477	\$42,037
<u>TOTAL COMMERCIAL</u>						
Bills	166,498			166,498		
DT's	5,414,106	369,457	5,783,563			\$70,839,259
Large General Service - Sales 203						
Bills	131			131	\$250.00	\$32,750
Demand DT'S	24,710			24,710	\$21.67960	\$535,712
First 1,500	73,499	0	73,499		\$9.6516	\$709,383
Next 1,500	59,827	0	59,827		\$8.9367	\$534,656
Next 7,500	43,344	0	43,344		\$8.4676	\$367,020
Next 16,500	0	1	0		\$7.9764	\$0
Next 33,000	0	0	0		\$7.4369	\$0
Over 60,000	0	0	0		\$7.1512	\$0
DTs - Winter	176,670		176,670			
First 1,500	98,678	0	98,678		\$8.8262	\$870,952
Next 1,500	57,869	0	57,869		\$8.3320	\$482,165
Next 7,500	30,066	0	30,066		\$8.0473	\$241,950
Next 16,500	0	0	0		\$7.7907	\$0
Next 33,000	0	0	0		\$7.3869	\$0
Over 60,000	0	0	0		\$7.1512	\$0
DTs - Summer	186,613		186,613			
Large General Service - Transportation 213						
Bills	477			477	\$250.00	\$119,250
Demand DT'S	101,220			101,220	\$6.08250	\$615,671
Standby DT's				-	\$15.59710	\$0
First 1,500	273,272	0	273,272		\$2.5322	\$691,979
Next 1,500	204,696	0	204,696		\$1.8689	\$382,556
Next 7,500	282,047	0	282,047		\$1.3911	\$392,356
Next 16,500	12,914	0	12,914		\$0.9764	\$12,609
Next 33,000	0	0	0		\$0.4369	\$0
Over 60,000	0	0	0		\$0.1512	\$0
DTs - Winter	772,929		772,929			
First 1,500	385,382	0	385,382		\$1.8045	\$695,422
Next 1,500	258,418	0	258,418		\$1.3246	\$342,300
Next 7,500	309,076	0	309,076		\$1.0306	\$318,534
Next 16,500	8,446	0	8,446		\$0.9134	\$7,715
Next 33,000	0	0	0		\$0.3869	\$0
Over 60,000	0	0	0		\$0.1512	\$0
DTs - Summer	961,322		961,322			

**PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS**

(dekatherms)	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (5)	Proforma Bills (6)	Clean Rates (7)	Proposed Revenue (8)
Rate Schedule						
Interruptible Service - Sales 204						
Bills	356			356	\$250.00	\$89,000
First 1,500	178,883	0	178,883		\$10.1825	\$1,821,476
Next 1,500	107,884	0	107,884		\$9.5589	\$1,031,252
Next 7,500	94,755	0	94,755		\$9.2062	\$872,333
Next 16,500	84,243	0	84,243		\$8.4961	\$715,737
Next 33,000	7,569	1	7,569		\$8.0530	\$60,953
<u>Over 60,000</u>	0	0	0		\$7.5512	\$0
DTs - Winter	473,334	1	473,334			
First 1,500	238,586	0	238,586		\$8.9298	\$2,130,525
Next 1,500	129,199	0	129,199		\$8.4643	\$1,093,579
Next 7,500	84,512	0	84,512		\$8.2522	\$697,410
Next 16,500	65,955	0	65,955		\$7.8604	\$518,433
Next 33,000	0	0	0		\$7.5369	\$0
<u>Over 60,000</u>	0	0	0		\$7.2512	\$0
DTs - Summer	518,252		518,252			
Interruptible Service - Transportation 214						
Bills	704			704	\$250.00	\$176,000
First 1,500	389,806	0	389,806		\$2.5276	\$985,274
Next 1,500	334,832	0	334,832		\$1.8646	\$624,328
Next 7,500	698,076	0	698,076		\$1.3875	\$968,580
Next 16,500	299,164	0	299,164		\$0.9117	\$272,748
Next 33,000	86,873	0	86,873		\$0.4377	\$38,024
<u>Over 60,000</u>	0	0	0		\$0.1512	\$0
DTs - Winter	1,808,751		1,808,751			
First 1,500	561,758	0	561,758		\$1.7976	\$1,009,816
Next 1,500	453,655	0	453,655		\$1.3169	\$597,418
Next 7,500	905,239	0	905,239		\$1.0227	\$925,788
Next 16,500	282,949	0	282,949		\$0.7309	\$206,807
Next 33,000	42,285	0	42,285		\$0.3904	\$16,508
<u>Over 60,000</u>	0	0	0		\$0.1512	\$0
DTs - Summer	2,245,886	0	2,245,886			
<u>TOTAL INDUSTRIAL</u>						
Bills	1,668			1,668		
Demand	125,930			125,930		
DT's	7,143,757	1	7,143,757			
						\$22,204,969
Outdoor Gaslight Service - Rate 205						
Fixtures	48		48		\$15.00	\$720
DTs - Winter	16		16			
DTs - Summer	22		22			
Annual Revenues From Special Contracts					\$	3,159,311
TOTAL BILLS	1,480,522			1,480,522		
TOTAL WINTER	11,951,591	808,757	12,760,347			
TOTAL SUMMER	7,379,235	271,116	7,650,351			
ANNUAL TOTAL	19,330,826	1,079,873	20,410,698		REVENUE	<u>\$198,165,916</u>

Piedmont Natural Gas Company
 South Carolina
 March 31, 2005

SCHEDULE 10

WNA Factors

	Base Rate (\$/therms)	Demand (\$/therms)	Commodity	"R" Value (\$/therms)	Heat Factor (therms/DDD)	Base Factor (therms/mo.)
Residential						
Value Rate	1.12788	0.02114	0.71512	0.39162	0.18026	18.00264
Standard Rate	1.31985	0.21311	0.71512	0.39162	0.15428	4.19518
Commercial						
Rate 202	1.23117	0.19645	0.71512	0.31960	0.65165	8.24355
Rate 232						
First 2,000 therms	1.17461	0.13989	0.71512	0.31960	0.48877	393.62000
Over 2,000 therms	1.14487	0.11015	0.71512	0.31960	0.48877	393.62000
Rate 252	1.22223	0.18751	0.71512	0.31960	26.40814	1102.93176
Rate 262						
first 5,000 therms	1.14533	0.11061	0.71512	0.31960	7.12465	6964.26670
over 5,000 therms	1.10969	0.07497	0.71512	0.31960	7.12465	6964.26670

CERTIFICATE OF SERVICE

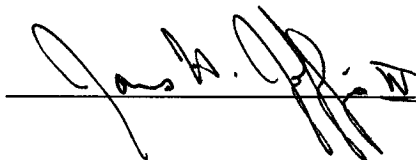
The undersigned hereby certifies that five copies of the attached Notice are being served this date via hand delivery upon:

Office of Regulatory Staff
1441 Main Street
Suite 300
Columbia, South Carolina

And that one copy of the attached Notice is being served this date on the other parties to this proceeding by U.S. Mail addressed as follows:

Scott Elliott
South Carolina Energy Users Committee
Elliott & Elliott, P.A.
721 Olive Street
Columbia, South Carolina 29205

This the 15TH day of June, 2005



A handwritten signature in black ink, appearing to read "J. H. Elliott", is written over a horizontal line.

2005 JUN 15 10 09 AM
OFFICE OF
REGULATORY STAFF

2005 JUN 15 10 09 AM

RECEIVED